

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-08 DOE-11 SOE-02 DOEE-00 SSO-00
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INFO AMCONSUL MONTREAL
AMCONSUL CALGARY POUCH
AMCONSUL HALIFAX POUCH
AMCONSUL QUEBEC POUCH
AMCONSUL TORONTO POUCH
AMCONSUL VANCOUVER POUCH
AMCONSUL WINNIPEG POUCH

C O N F I D E N T I A L OTTAWA 00842

DEPARTMENT FOR ROUSE (EUR/CAN) AND DAS BOSWORTH (EB/ORF)

DOE/IA FOR ASSISTANT SECRETARY BERGOLD

DOE/ERA FOR ADMINISTRATOR BARDIN

E.O. 11652: GDS
TAGS: ENRG, ETRD, CA
SUBJECT: ENERGY: IMPACT OF UMW STRIKE ON CANADIAN COAL
SUPPLIES

1. SUMMARY: ONTARIO HYDRO (OH) COAL STOCKPILES WILL COVER
POWER GENERATION REQUIREMENTS THROUGH START UP OF GREAT
LAKES SHIPPING SEASON APRIL 1. ONLY LAMPTON-SARNIA PLANT,
NOW EXPORTING LARGER THAN USUAL QUANTITIES OF ELECTRICITY
TO MICHIGAN TO HELP EASE COAL STRIKE EMERGENCY CONDITIONS
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THERE, MAY RUN SHORT. DESPITE ANTICIPATED STRIKE-RELATED
SHORTAGES EARLY IN SHIPPING SEASON, OH EXPECTS TO IMPORT
SUFFICIENT COAL TO BUILD CURRENT STOCKPILES TO LEVEL WHERE
THEY WILL COVER DOMESTIC AND EXPORT POWER GENERATION RE-
QUIREMENTS FOR 1978-79 SEASON. EMBASSY DOES NOT DOUBT THIS
ASSESSMENT, BUT IF COAL STRIKE CONTINUES LONGER THAN NOW
ANTICIPATED, OH MAY NOT BE ABLE TO IMPORT ENOUGH COAL TO

AVOID FUEL SHORTAGE GOING INTO WINTER 1978-79. SHOULD SUPPLY CRUNCH DEVELOP DURING STRIKE OR POST-STRIKE PERIOD, WITH RESULT THAT USG IMPOSES SUPPLY ALLOCATION, EMBASSY URGES THAT EASTERN CANADA BE EXTENDED NATIONAL TREATMENT IN ALLOCATION PROGRAM. END SUMMARY.

2. COAL STOCKPILED FOR POWER GENERATION IN ONTARIO WILL COVER REQUIREMENTS THROUGH APRIL 1 OPENING OF GREAT LAKES SHIPPING SEASON. SOLE EXCEPTION IS OH LAMPTON ELECTRICAL GENERATION PLANT AT SARNIA. IN EFFORT TO HELP PREVENT SHUT-DOWN OF AUTO PLANTS IN MICHIGAN, LAMPTON IS GENERATING LARGER THAN NORMAL QUANTITIES ELECTRICITY FOR EXPORT. OH IS ALSO SHARING COAL WITH U.S. UTILITIES; IT HAS AUTHORIZED CLEVELAND ELECTRIC TO DRAW ON COAL STOCKPILED AT CONNEAUT, OHIO, FOR LAMPTON PLANT. OH WILL KEEP ITS STOCKPILE AT ASHTABULA, OHIO, INTACT, HOWEVER. SUPPLY PROBLEM WILL BECOME CRITICAL ONLY IF STRIKE RELATED SHORTAGES REDUCE SUPPLIES AVAILABLE FOR SHIPMENT TO ONTARIO AFTER APRIL 1 OPENING OF LAKE SHIPPING.

3. OH WILL HAVE 5 MILLION TONS ON HAND APRIL 1 AND ESTIMATES IT WILL BE ABLE TO IMPORT ANOTHER 8 MILLION TONS, DESPITE POSSIBLE SHORTAGES EARLY IN SHIPPING SEASON, FOR TOTAL OF 13 MILLION TONS TO COVER 1978-79 POWER GENERATING SEASON. THIS WILL COVER THE 8 MILLION TONS OH EXPECTS TO BURN GENERATING POWER FOR ONTARIO, PLUS 3 MILLION TONS NEEDED FOR

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POWER EXPORTS TO U.S., LEAVING 2 MILLION TON SURPLUS GOING INTO 1979-80 SHIPPING SEASON. OH BELIEVES THIS MARGIN, TOGETHER WITH WESTERN CANADIAN COAL WHICH WILL BECOME AVAILABLE FOR FIRST TIME IN 1979-80 SHIPPING SEASON, WILL COVER THEIR REQUIREMENTS.

4. JUDGMENT BY OH THAT IT CAN IMPORT 8 MILLION TONS IN COMING SEASON IS BASED ON ASSUMPTION THAT COAL STRIKE WILL NOT GO ON MUCH LONGER. SHOULD THIS PROVE WRONG, THERE IS DISTINCT POSSIBILITY THAT OH MIGHT NOT BE ABLE TO STOCKPILE ENOUGH COAL FOR 78-79 SEASON. RECOGNIZING COOPERATION BY CANADIAN ENERGY AUTHORITIES DURING U.S. EMERGENCY AND IN INTEREST OF MEETING U.S. RESPONSIBILITIES AS RELIABLE ENERGY SUPPLIER, EMBASSY URGES THAT CANADA BE GIVEN NATIONAL TREATMENT IN ANY USG COAL SUPPLY ALLOCATION PROGRAM THAT MIGHT RESULT FROM STRIKE. IT IS QUITE POSSIBLE THAT SUCH NATIONAL TREATMENT FOR CANADA DURING NEXT SHIPPING SEASON COULD BE CRITICAL TO BUILDING ADEQUATE STOCKPILE FOR 1978-79 SEASON. ENDERS

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